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KELLEN WASHINGTON REPORT

SCRUTINY OF REGULATIONS BEGINS

Ten committees ordered to report

The attack on “job killing” regulations appears to have begun in earnest. House Republican leaders have asked 10 House committees to list regulations in their sectors that should be targeted for examination because of their possible impact on job creation. Nine and a half hours of debate have been scheduled for next Thursday, with votes likely the following day.

At a hearing of Darrell Issa’s oversight committee this past week, association leaders and company owners detailed environmental, energy and labor regulations that inhibit job growth. Jay Timmons, president of the National Association of Manufacturers, noted that 16,000 jobs are put at risk for every \$1 billion spent on complying with boiler emission rules alone. Thousands more would be affected by EPA’s new regulations on greenhouse gas emissions.

A spokesman for the Heritage Foundation urged that the administration’s planned review of regulations include consideration of the many examples cited by business. He asserted that the President’s order for a government-wide review of regulations does not go far enough, since it only calls for agencies to submit plans for future reviews, and the requirements do not go much beyond those already on the books. He also noted that some of the biggest sources of restrictive regulations are the independent federal agencies – which are explicitly exempted from the review.

GOOD NEWS ON 1099

Thanks to the efforts of the trade association community and its allies, the Senate rejected the 1099 provision in the health care bill by an overwhelming vote of 81 to 17. House Republican leaders have pledged to follow suit, with House Ways and Means Committee Chairman Dave Camp (R-Mich.) saying Thursday that he plans to hold a vote “within the next several weeks.”

1099 is the ill-considered measure that would have required all businesses and non-profits to file 1099 tax forms with the IRS every time they spent more than \$600 with a single vendor. It would have placed a vast new paperwork and accounting burden on 30 million enterprises – including charities and churches.

Amazingly, its defeat was not a forgone conclusion. As the *Wall Street Journal* pointed out in a February 5 editorial on the issue, “As recently as September, Treasury Secretary Tim Geithner and Health and Human Services Secretary Kathleen Sebelius were still defending the 1099 rule as a good-faith ‘bipartisan provision to close the tax gap.’” President Obama, once a supporter, became a convert following the midterm elections, describing 1099 as “counterproductive.”

CONFUSION REIGNS

EPA triumphant?

Though trade associations and other business organizations have complained about EPA more than any government agency, and though President Obama has talked repeatedly about cooperating with the business community to create jobs, the facts on the ground are more confusing. EPA Administrator Lisa Jackson was feistier than ever in her meeting with the House Energy and Commerce Committee this week, refusing to back down in any way on her agency’s plans to curb carbon emissions on a large swath of American industry. House Republicans, meanwhile, appear to be in a state of disarray. As one conservative analyst put it: “Has the GOP forgotten the election? Or is it simply afraid of the EPA?”

Although Republicans in both the Senate and the House have announced plans for legislation to strip EPA of its authority to regulate greenhouse gases (carbon), the reality is that even if such a bill were to reach the President’s desk, he would veto it. “At best, these bills are political theater intended for impact in 2012,” wrote Steve Milloy in the *Washington Times*.

But EPA isn’t waiting, Milloy notes. Its new emission-permitting program went into effect January 2 as promised, and “by January 7 the agency was already interfering with job creation and economic recovery.” As for the GOP, “it seems to be doing everything but addressing the problem head-on.”

The redoubtable Joe Barton of Texas said what many of his Republican colleagues were probably thinking, that “EPA and the Obama administration have decided they want to put the American economy in a straitjacket, costing us millions of jobs and billions of dollars a year.” But the only practical thing the House Republican majority can do about it in the short-term is cut EPA’s funding, Milloy points out. The government’s current funding runs out March 4 and the House has the authority to make any changes.

The tragedy, says Milloy, is that the GOP leadership has indicated it does not want to do that. Instead of “girding itself for battle,” it “would just as soon talk about something else.” Despite all the brave talk about curbing EPA excesses, therefore, many observers are now expecting the environmental agency to emerge largely triumphant.

One Republican who apparently is not prepared to surrender is former House Speaker Newt Gingrich, who in a speech in Washington yesterday called for abolishing EPA and replacing it with a new agency focused on “science, technology, markets and incentives.” He gained headlines, but so far, not much traction on the Hill.

The *Economist* (2/12) appears to agree with Milloy. In discussing the debate over EPA’s proposed emission reductions, it concludes: “Congress’s intention in discussing global warming is no longer legislating, but electioneering.”

Other spending cuts planned

House appropriators, meanwhile, are flexing their muscles.

Their spending bill to fund the federal government through the rest of the fiscal year will cut \$100 billion from the administration’s proposed budget, up from an original proposal to cut \$74 billion. Targets for the cuts include a number of Congress’s traditional sacred cows such as NASA, Amtrak, and state and local law

enforcement. Other targets include the Treasury Department, university agricultural research and rural development programs.

The cuts represent “the largest reduction in discretionary spending in the history of our nation,” according to appropriations committee chair Harold Rogers of Kentucky.

But wait. Senate Appropriations Committee Chair Daniel Inouye predicted that Congress will once again have to pass a short-term budget to keep the government running after March 4 at its present budget level.

COMING, GOING AND GONE

Coming:

Christie Vilsack, wife of Agriculture Secretary and former Iowa governor Tom Vilsack, is considering a 2012 run for a House seat from Iowa. In the next election, Iowa will lose one of its five congressional seats due to reapportionment.

Going:

Sen. James Webb (D-Va.) announced Wednesday that he would not seek reelection in 2012. In a move that sent Democrats scrambling to find a potential replacement, it’s been rumored that former Congressman Tom Perriello and former Virginia Governor Tim Kaine are both being urged to step up to the plate. Prior to Webb’s unexpected announcement, Kaine had said that he would not seek the Senate seat.

Sen. Jon Kyl (R-Ariz.) the Republicans’ Majority Whip, the second ranking leadership position, announced Thursday that he will retire in 2012. Kyl, who was reported to be in the crosshairs of some Tea Party activists for his vote in favor of the Troubled Asset Relief Program, joins Sens. Kent Conrad (D-ND), Joe Lieberman (I-Conn.) and Kay Bailey Hutchison (R-Tex.), who all recently announced retirement. Following Kyl’s announcement, Senate Republican Conference Chairman Lamar Alexander and Texas Sen. John Cornyn both expressed intent to run for Kyl’s spot as GOP whip. South Dakota Sen. John Thune, currently No. 4 in the GOP leadership, is also expected to vie for the position.

Rep. Jane Harman (D-Calif.), a longtime Democratic leader in the House and expert on security issues, announced Tuesday that she would resign her seat in Congress in order to accept an appointment as the head of the Woodrow Wilson International Center beginning February 28. Harman is a member of the Committee on Energy and Commerce and the Committee on Homeland Security. According to reports, former state Assembly candidate Nathan Mintz (R), Los Angeles City Councilwoman Janice Hahnare (D) and California Secretary of State Debra Bowen (D) are all considering Harman’s seat in the upcoming special election.

Gone:

Rep. Chris Lee (R-NY) resigned from office Wednesday evening, following reports of an online affair. In the new Congress, Lee was slated as a member of the Committee on Ways and Means and as Co-Chair of the House Science, Technology, Engineering, and Mathematics Education Caucus. Under the Constitution, Lee’s seat can be filled only by a special election, but it is up to Governor Andrew Cuomo to set a date for it.